

Business Standard

TRENDING ON BS

#TUV300 #Renæ

Search

News

[MANAGEMENT](#) » [FEATURES](#) » [MARKETING](#)

Ola, Flipkart and Snapdeal keen on their acquired brands

Young companies are retaining the brand names of those they acquire, indicating that it is not just scale that is important but also the acquired brand's loyal base

Itika Sharma Punit & Digbijay Mishra | Bengaluru / New Delhi

March 4, 2015 Last Updated at 21:13 IST



Ad



Monthly SIP Investments

Invest as low as Rs 1000pm in Top SIPs in just 2mins. Start a ZipSIP.

www.myuniverse.co.in/ZipSIP



Bhavish Aggarwal, co-founder of Ola

Acquisition, and not merger, seems to be the trend among India's online consumer businesses. From Flipkart's acquisition of [Myntra](#) to Snapdeal's buyout of [Exclusively.com](#), to the more recent Ola's (previously [Ola Cabs](#)) deal with [TaxiForSure](#) (TFS), the buyers have [acquired](#) the brands separately.

One of the key reasons for these companies to retain the brand identity of the new company under their aegis is to keep the brand positioning intact. This allows them to reap dividends of the hard work, resources and millions of dollars already spent on them.

"The entire [e-commerce](#) segment is based on heavy marketing for brand creation and promotions. So, the valuation of a company when it gets acquired is not only for the business it does, but also for the brand's value,"

ALSO READ

Ola, TaxiForSure merge, but real challenge is customer satisfaction

Didn't think Ola Cabs and TaxiForSure would last long, concedes Meru founder

Internet entrepreneurs: The next big thing

Ola Cabs to hold its first ever hackathon over weekend

Ola Cabs appoints new heads for design, HR

Ads

Low EMI Car Loans

Compare Car Loan Offers from Top Banks. 20+ Options. Apply Now!

bankbazaar.com/Best-Car_Loans

Noida Office Space

No Hidden Costs & Flexible Options. Workspaces To Suit. Get A Quote Now

regus.co.in/Noida_Office_Space

says Sumchit Anand, managing director of M&A advisory firm, [Acquisory Consulting India](#).

For instance, while [Flipkart](#) is known as a horizontal-marketplace, focused on books and consumer electronics, [Myntra](#) is among the largest names in online fashion retail.

Snapdeal, a rival of Flipkart, too, chose to keep its latest acquisition of luxury goods portal a separate entity.

“Luxury should feel like luxury and not the day-to-day stuff we do at Snapdeal,” company co-founder and CEO, Kunal Bahl, says.

Vineet Toshniwal, MD, Equirus Capital, says Ola can easily keep TFS as a complete mass market brand.

Anand says, “An added benefit of maintaining two separate profit and loss accounts could be that the acquiring company can keep a tab on how its acquisition is doing.”

According to Toshniwal, the acquisitions have two parts: “First, there is consumer servicing and then there is the back-end or supply chain. The latter is more complex, while keeping the acquired entity separate helps in retaining the brands’ loyalty at the front-end”.

Recent acquirers that chose to stay separate

		
Flipkart with Myntra	Ola with TaxiForSure	Snapdeal with Exclusively.com

Investments in brand-building and advertising are among the top three expenses for most online consumer Internet businesses. According to sources, the marketing budget of many small start-ups are as high as some of India’s decades-old businesses.

Hinting at the kind of expenditure Ola and TFS have made in building their brands, TFS co-founder, Raghunandan G, says: “Over the last few months, Ola and TFS were spending a lot in competing with each other rather than adding value to stakeholders. So, we thought it was best to join hands”.

However, even though Ola and TFS said they would continue to operate as separate entities, analysts say it would make more sense for the two to merge in the near future. “In the case of the e-commerce acquisitions, their businesses are mostly complementary and not really the same,” says Yugal Joshi, practice director at Everest Group. “But Ola and TFS are doing more or less the same thing. So it would make most sense for them to merge as one entity.”

Bhavish Aggarwal, co-founder of Ola, says, “TFS works with operators but Ola mostly works with driver-entrepreneurs. TFS has a clear focus on the economy segment of cab users, with offerings

like Nanos and Rs 49 base fare. Both brands have a shared vision of revolutionising personal transportation but keeping the entities independent would help leverage our respective strengths.”

Flipkart has no plans of merging Myntra with itself. Myntra’s founder [Mukesh Bansal](#) recently said that the two companies are not looking to merge.

Experts point to the challenges around integration, especially in the area of technical plug-ins of teams as another primary reason behind this ‘arm’s length’ approach in acquisitions, especially for new-age companies.

“Making an acquisition is easy but integration is a bigger challenge,” says Anand. “There are cultural challenges and differences in ethos and even in go-to-market strategies. So, it is not easy to merge two young companies.”

The headline of this report has been modified to replace Myntra's name with Flipkart's

READ MORE ON ACQUISITION MERGER FLIPKART MYNTRA SNAPDEAL
OLA TAXIFORSURE E-COMMERCE KUNAL BAHL VINEET TOSHNIWAL
EQUIRUS CAPITAL SUMCHIT ANAND ACQUISORY CONSULTING RAGHUNANDAN G
OLA CABS YUGAL JOSHI EVEREST GROUP MUKESH BANSAL

PREVIOUS STORY



Strategy: Scripting a 'Modern' story

NEXT STORY

Work experience gets weightier at IIM-A admissions



RECOMMENDED FOR YOU

Powered by Google

Ola launches daily-repayment car loan scheme for its drivers

Renault Kwid specs revealed: Check out details



NEXT >

Ad

BHEL Openings August'15

Exp: 3 to 10 Yrs, Sal: 7L to 25L PA Apply Now & Get Multiple Interviews

timesjobs.com/BHEL-Hiring-Urgent



- Buy instant policy, No paperwork.No tests till 45 yrs & Sum < 15 Lac
- ZipSIP – Smarter, Quicker & Easier way to invest
- Dell Precision Laptops - Powerful Mobile Workstations
- How much life insurance do I need?

Advertisements

- Looking to get Rich? Try SIPs for a change with ZipSIP
- Celebrating women entrepreneurship, Apply for the Digital Women Awards
- Instant Online Policy @ Rs. 9/Day. No Paperwork. EMI Available. Buy !
- Invest in SIPs in 2Mins @ ZipSIP. It's Paperless & FREE
- Follow the ZipSIP route to get RICH!
- Dell Vostro 3546 - Versatile Business Laptop
- Dell Vostro 3546 for Everyday Computing.
- Corporate Social Responsibility—India
- Special Fares from India to Brisbane and Cairns.

GO

Ad



Hyundai Elite i20

Indian Car of the Year 2015 Book a Test Drive
Now!

www.hyundai.com

LATEST NEWS

[ALL NEWS](#)[IN THIS SECTION](#)

Govt considers FDI cap hike in DTH,
cable networks; Dish TV up 4.5%

The sorry tale of biopesticides

Rupee slips from 1 month high, falls 21 paise against US dollar

Trading calls from Geojit BNP Paribas

Jaitley promises more reforms; sees better growth this fiscal

Oil up in Asia, but oversupply, weak demand weigh

F&O Strategies for Sun Pharma, ICICI Bank

67th Emmy Awards: 'Olive Kitteridge' on winning spree

PSUs' capex down 24% in 2014-15

Stock Tips by Chandan Taparia

MOST POPULAR



Viswapriya: Two years, dozens of firms, but no trace of money

iOS 9: The first few hours

Consider quality dividend-yielding stocks

Moto X Play: Good but nothing very special

Portea Medical eyes global expansion, raises \$37.5 mn in Series B funding

LATEST NEWS

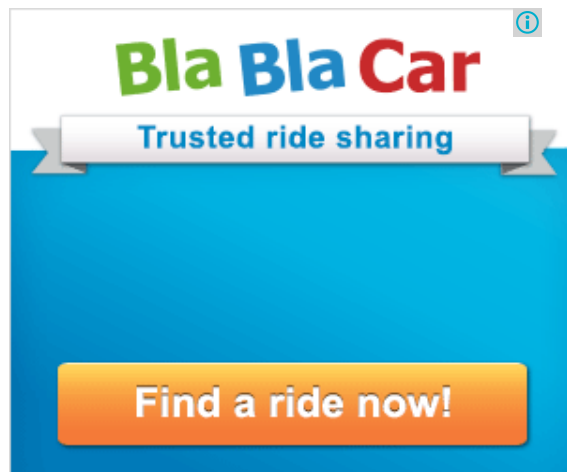
1

Firms throwing their doors open to boomerang employees

2

Book Extract: Learn to say sorry

- 3 Branding and CSR go together
- 4 The Strategist Quiz (427)
- 5 Focusing only on hardware is not going to work: Shashin Devsare



Business Standard
290,421 likes

Like Page

Share

Be the first of your friends to like this



2BHK Residential Apartment in Rajarhat

Rs. 14.84 Lac 742 Sqft



MORE ON MARKETS:

QUICK LINKS

STOCK MARKETS LIVE

STOCK MARKET NEWS

PORTFOLIO

DERIVATIVES

COMMODITIES

MUTUAL FUNDS

BROWSE STOCK COMPANIES

A | B | C | D | E | F | G | H | I | J | K | L | M | N | O
| P | Q | R | S | T | U | V | W | X | Y | Z

1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9

BROWSE MUTUAL FUNDS

A | B | C | D | E | F | G | H | I | J | K | L | M | N | O
| P | Q | R | S | T | U | V | W | X | Y | Z

INDEX STOCKS

Axis Bank | BHEL | Bajaj Auto | Bharti Airtel | Cipla | Coal India | Dr Readdy Labs | Gail (india) | HDFC | HDFC Bank
| Hero Motocorp | Hind. Unilever | Hindalco inds. | ICICI Bank | Infosys | ITC | Larsen & Toubro | M & M | Maruri Suzuki

FROM BS WEBSITE

Home
Companies
Markets
Opinion
Politics
Technology
Specials
Personal Finance
Latest News
Today's Paper
General News
General Videos
General Photo Gallery
Events
Authors

ABOUT US

About Us
Code of Conduct
Terms & Conditions
Disclaimer

SUPPORT & CONTACT

Partner with Us
Careers
Advertise with Us
Contact Us
Feedback
Browser Support
Sitemap

SUBSCRIBE

E-Paper
BS Magazines
Portfolio Tracker

BS PRODUCTS

Smart Investor
BS Hindi
BS Motoring
BS Books
B2B Connect
iPhone
iPad
android
wap

CONNECT WITH BS

Facebook
Google+
Linkedin
Twitter
Youtube
RSS